

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES ACT OF 1933**  
**Release No. 10779 / April 30, 2020**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-19780**

**In the Matter of**

**AMERICAN  
BONDHOLDERS  
FOUNDATION, LLC, and  
JONNA BIANCO**

**Respondents.**

**ORDER INSTITUTING CEASE-AND-  
DESIST PROCEEDINGS PURSUANT TO  
SECTION 8A OF THE SECURITIES ACT  
OF 1933, MAKING FINDINGS, AND  
IMPOSING A CEASE-AND-DESIST  
ORDER**

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) against American Bondholders Foundation, LLC (“ABF”) and Jonna Bianco (collectively “Respondents”).

**II.**

In anticipation of the institution of these proceedings, Respondents have submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, and except as provided herein in Section V, Respondents consent to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and-Desist Order (“Order”), as set forth below.

### III.

On the basis of this Order and Respondents' Offer, the Commission finds<sup>1</sup> that:

#### Respondents

1. American Bondholders Foundation, LLC is a Delaware LLC with its principal office in Shelbyville, Tennessee. ABF has never had a class of securities registered with the Commission pursuant to Section 12 of the Securities Exchange Act of 1934.

2. Jonna Bianco is 56 years old and, for the period 2015 through December 31, 2018, was a resident of Lewisburg, Tennessee. Bianco founded ABF in 2001 and has served as ABF's president since its inception to the present.

#### Facts

3. Since 2001, Bianco has acquired thousands of defaulted bonds issued by the Republic of China between 1912 and 1942 ("Defaulted Chinese Bonds" or "Bonds"). According to Respondents, the People's Republic of China ("China"), China's current government, is obligated to pay principal, accrued interest, and penalties on the Defaulted Chinese Bonds, but China has denied that it has any payment obligations on the Bonds.

4. In August 2001, Bianco formed ABF for the stated purpose of facilitating collection efforts on the Defaulted Chinese Bonds—*i.e.*, lobbying the United States and foreign governments to facilitate a settlement with China on behalf of the bondholders. Since 2002, Respondents have funded ABF primarily through raising money from investors who would then share in any settlement ABF facilitated. Investors could obtain an interest in ABF's prospective settlement in one of two ways: (a) by purchasing Defaulted Chinese Bonds, most commonly at \$2,500 per Bond, from Bianco's personal holdings, subject to certain restrictions; or (b) by surrendering physical and legal custody of Bonds they already owned to ABF and agreeing to pay a "registration fee" to ABF. In either case, ABF retains physical and legal control over the Bonds, and investors in turn are entitled to a *pro rata* portion of any settlement Respondents secure on behalf of the bondholders. Respondents in turn commit to use the funds they receive to pursue collection on the Bonds.

5. In order to purchase a security from Respondents, investors must execute a series of standard agreements which provide, among other things, that: (i) ABF retains physical possession and control of the Bond (*i.e.*, the investor cannot resell the Bond); (ii) the investor's Bond is included in a payout pool to be funded through Respondents' efforts to secure repayment on the Defaulted Chinese Bonds; (iii) ABF will act as the investors' sole representative in seeking

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<sup>1</sup> The findings herein are made pursuant to Respondents' Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

repayment for the Defaulted Chinese Bonds; (iv) the investor is entitled to a *pro rata* share of the repayment amount (minus applicable fees and expenses) based on the investors' total number of Bonds; and (v) Respondents are entitled to a portion of the repayment amount to compensate them for their efforts to secure repayment on the Defaulted Chinese Bonds.

6. Investors' payments of money to Respondents in exchange for a *pro rata* interest in a potential settlement that would be derived from Respondents' exclusive efforts constituted an investment contract between the investors and Respondents.

7. From 2015 through mid-2019 (the "relevant period"), Respondents raised over \$3.6 million from at least 180 investors.

8. No registration statement was in effect or filed with the Commission in connection with Respondents' securities offering and the securities offered during the relevant period did not qualify for an exemption from registration.

9. Respondents sold securities continuously during the relevant period. Respondents offered most of the securities through its "senior advisors," individuals affiliated with Respondents who were tasked with, among other things, raising funds for ABF's operations.

10. Respondents offered and sold securities to both accredited and non-accredited investors in numerous states. Respondents frequently failed to take reasonable steps to verify the accredited status of the investors.

11. Respondents did not provide investors with an offering memorandum, financial statements, or other financial information. ABF did not maintain financial statements during the relevant period.

#### **Violations**

12. As a result of the conduct described above, Respondents violated Sections 5(a) and 5(c) of the Securities Act, which prohibit the direct or indirect offer and sale of securities through the mails or interstate commerce unless a registration statement has been filed or is in effect.

#### **IV.**

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondents' Offer.

Accordingly, it is hereby ORDERED that:

A. Pursuant to Section 8A of the Securities Act, Respondents cease and desist from committing or causing any violations and any future violations of Sections 5(a) and 5(c) of the Securities Act.

B. Respondent ABF shall pay a civil penalty of \$65,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). Payment shall be made in the following installments: \$25,000 within 14 days of the entry of this Order; \$20,000 within 180 days of the entry of this Order; and \$20,000 within 360 days of the entry of this Order. Payments shall be applied first to post order interest, which accrues pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent ABF shall contact the staff of the Commission for the amount due. If Respondent ABF fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

C. Respondent Bianco shall pay a civil penalty of \$65,000 to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934. Payment shall be made in the following installments: \$25,000 within 14 days of the entry of this Order; \$20,000 within 180 days of the entry of this Order; and \$20,000 within 360 days of the entry of this Order. Payments shall be applied first to post order interest, which accrues pursuant to 31 U.S.C. § 3717. Prior to making the final payment set forth herein, Respondent Bianco shall contact the staff of the Commission for the amount due. If Respondent Bianco fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Order, including post-order interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Commission.

D. Payment of amounts ordered pursuant to Section IV Paragraphs B and C must be made in one of the following ways:

- (1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;
- (2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center  
Accounts Receivable Branch  
HQ Bldg., Room 181, AMZ-341  
6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying the Respondent as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Jeffrey A. Shank, Division of Enforcement, Securities and Exchange Commission, 175 W. Jackson Blvd., Suite 1450, Chicago, IL 60604.

E. Amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Respondents agree that in any Related Investor Action, they shall not argue that they are entitled to, nor shall they benefit by, offset or reduction of any award of compensatory damages by the amount of any part of Respondents' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Respondents agree that they shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Respondents by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

#### V.

It is further Ordered that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the findings in this Order are true and admitted by Respondent Bianco, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Respondent Bianco under this Order or any other judgment, order, consent order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Respondent Bianco of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

By the Commission.

Vanessa A. Countryman  
Secretary